

2016 First Extraordinary Session

SENATE BILL NO. 14

BY SENATOR ALLAIN

TAX/AD VALOREM. Constitutional amendment to add certain property tax exemptions and dedicate certain revenue. (Item #31)(2/3 - CA13s1(A))

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A JOINT RESOLUTION

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Proposing to add Article VII, Sections 10(F)(4)(h), 10.15, and 21(C)(20) and (21) of the

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Constitution of Louisiana, relative to ad valorem property tax exemptions; to provide

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for an exemption for certain inventory and vessels; to provide certain terms,

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conditions, procedures, and requirements; and to specify an election for submission

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of the proposition to electors and provide a ballot proposition.

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Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members

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elected to each house concurring, that there shall be submitted to the electors of the state, for

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their approval or rejection in the manner provided by law if the Act which originated as

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Senate Bill No. _____ of the 2016 First Extraordinary Session of the Legislature is

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enacted and becomes effective, a proposal to add Article VII, Sections 10(F)(4)(h), 10.15,

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and 21(C)(20) and (21) of the Constitution of Louisiana, to read as follows:

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§10. Expenditure of State Funds

14

Section 10.

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(F) Projected Deficit.

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(4) The provisions of Subparagraphs (1) and (2) of this Paragraph shall not be applicable to, nor affect:

* * *

(h) The Local Investment Fund as provided in Article VII, Section 10.15 of this constitution.

* * *

§10.15. Local Investment Fund

Section 10.15.(A) There is hereby created as a special fund within the state treasury the "Local Investment Fund", hereinafter referred to as the "fund".

(B) Annually, beginning in fiscal year 2017-2018, the lesser of (1) the sum of five hundred million dollars or (2) fifteen point six hundred twenty-five percent of the total state sales and use tax revenues generated during the second immediately preceding fiscal year under the provisions of R.S. 47:302, 47:321, and 47:331 at the rates and bases existing as of June 30, 2015, as certified by the Revenue Estimating Conference as actual collections no later than December 31 of the immediately preceding calendar year shall be allocated from the state general fund to the fund. The legislature may appropriate additional sums to the fund. All unexpended and unencumbered monies in the fund at the end of the fiscal year shall remain in the fund. The monies in the fund shall be invested by the state treasurer in the same manner as monies in the state general fund, and all earnings on investment of the fund shall be deposited into the fund.

(C) The fund shall be distributed annually as provided by law solely on the basis of the total assessed value of other property as classified under Article VII, Section 18 of this constitution in each parish in proportion to the total assessed valuation of other property as classified under Article VII, Section 18 of this constitution throughout the state. Unless otherwise provided by law, the assessed valuations for the immediately preceding calendar year, as reported to the Louisiana Tax Commission or its successor, shall be utilized for this

1 purpose. After deductions in each parish for retirement systems and
2 commissions as authorized by law, the remaining funds, to the extent available,
3 shall be distributed to the tax recipient bodies, as defined by law within the
4 parish, to help offset a portion of the revenue loss due to the exemptions under
5 Article VII, Section 21(C)(20) and (21) of this constitution. For purposes of this
6 Paragraph, other property as classified under Article VII, Section 18 of this
7 constitution shall include property exempt under Article VII, Section 21(C)(20)
8 and (21) of this constitution.

9 (D) The funds distributed to each parish as provided in Paragraph (C)
10 shall be distributed in Orleans Parish by the city treasurer of New Orleans and
11 in all other parishes by the parish tax collector, who each shall disburse the
12 funds in accordance with a schedule prepared by the parish assessor, as
13 provided by law.

14 (E) For purposes of Article VII, Section 23 of this constitution,
15 distributions from the fund shall be considered by taxing authorities to be ad
16 valorem taxes collected and to be collected and shall be taken into account when
17 setting millage rates.

18 (F) Bond millages levied to service general obligation bonds under the
19 authority of Article VI, Section 33(B) of this constitution or any other
20 constitutional or statutory authority for the issuance of general obligation bonds
21 shall share in the distributions from the fund. The governing authority of the
22 issuing political subdivision shall take such distributions into account when
23 levying and collecting or causing to be levied and collected on all taxable
24 property in the political subdivision ad valorem taxes sufficient to pay principal
25 and interest and redemption premiums, if any, on such bonds as they mature.

26 (G) A political subdivision may incur debt by issuing negotiable bonds
27 and may pledge for the payment of all or part of the principal and interest of
28 such bonds the proceeds derived or to be derived from that portion of the funds
29 received by it from the fund. Unless otherwise provided by law, no monies

allocated within any parish from the balance remaining in its distribution may be pledged to the payment of the principal or interest of any bonds. Bonds issued under this Paragraph shall be issued and sold as provided by law, and shall require approval of the State Bond Commission or its successor prior to issuance and sale.

* * *

§21. Other Property Exemptions

Section 21. In addition to the homestead exemption provided for in Section 20 of this Article, the following property and no other shall be exempt from ad valorem taxation:

* * *

(C) * * *

(20) Inventory held by manufacturers, distributors, and retailers that is properly reported to parish assessors in accordance with procedures prescribed by the Louisiana Tax Commission or its successor.

(21) Vessels, including ships, oceangoing tugs, towboats, and barges, principally operated in Outer Continental Shelf Lands Act Waters that are properly reported to parish assessors in accordance with procedures prescribed by the Louisiana Tax Commission or its successor. "Outer Continental Shelf Lands Act Waters" shall include all waters above all submerged land seaward and outside of the area of state submerged lands beneath navigable waters as defined in the Submerged Lands Act, 43 U.S.C. §1301 et seq. The term shall further include all waters above Outer Continental Shelf submerged lands to which the Outer Continental Shelf Lands Act of Title 43 U.S.C. §1331 et seq. applies.

Section 2. Be it further resolved that this proposed amendment shall become effective January 1, 2017.

Section 3. Be it further resolved that, if the Act which originated as Senate Bill No. _____ of this 2016 First Extraordinary Session of the Legislature is enacted and becomes

1 effective, this proposed amendment shall be submitted to the electors of the state of
2 Louisiana at the statewide election to be held on November 8, 2016.

3 Section 4. Be it further resolved that on the official ballot to be used at said election
4 there shall be printed a proposition, upon which the electors of the state shall be permitted
5 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as
6 follows:

7 Do you support an amendment to exempt from property tax inventory held
8 by manufacturers, distributors, and retailers and vessels principally operated
9 in Outer Continental Shelf waters that are properly reported to parish
10 assessors; to establish the Local Investment Fund, (hereinafter, the "Fund");
11 to dedicate certain state tax revenues to the Fund in order to help offset a
12 portion of the tax recipient bodies' revenue losses attributable to the
13 exemptions; and to prohibit monies in the Fund from being used or
14 appropriated for other purposes when adjustments are made to eliminate a
15 state deficit?

16 (Adds Article VII, Sections 10(F)(4)(h), 10.15, and 21(C)(20) and (21))

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Ben Huxen.

DIGEST

SB 14 Original

2016 First Extraordinary Session

Allain

Present law allows a refundable income or corporate franchise tax credit for ad valorem property taxes paid on:

- (1) Inventory held by manufacturers, distributors, and retailers, and on natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage facilities.
- (2) Vessels, including ships, oceangoing tugs, towboats, and barges, principally operated in Outer Continental Shelf Lands Act Waters.

Proposed constitutional amendment exempts (1) inventory held by manufacturers, distributors, and retailers ("inventory") and (2) vessels, including ships, oceangoing tugs, towboats, and barges, principally operated in Outer Continental Shelf Lands Act Waters ("vessels") from ad valorem property taxes.

Proposed constitutional amendment establishes the Local Investment Fund (the "Fund") and provides that, beginning in fiscal year 2017-2018, the lesser of (1) \$500 million or (2) 15.625% of the total state sales and use tax revenues generated during the second immediately preceding fiscal year at the rates and bases existing as of June 30, 2015, as

certified by the Revenue Estimating Conference as actual collections no later than December 31 of the immediately preceding calendar year, shall be allocated from the state general fund to the Fund.

Proposed constitutional amendment provides that the Fund shall be distributed annually as provided by law solely on the basis of the total assessed value of other property as classified under Article VII, Section 18 of the constitution in each parish in proportion to the total assessed valuation of other property as classified under Article VII, Section 18 of the constitution throughout the state; and that, after deductions in each parish for retirement systems and commissions as authorized by law, the remaining funds, to the extent available, shall be distributed to the tax recipient bodies within the parish in Orleans Parish by the city treasurer of New Orleans and in all other parishes by the parish tax collector, who shall disburse the funds in accordance with a schedule prepared by the parish assessor as provided by law, to help offset a portion of the revenue loss due to the inventory and vessels exemptions and that, for distribution allocation purposes, other property as classified under Article VII, Section 18 of this constitution shall include exempted inventory and vessels.

Present constitution requires all property subject to ad valorem property taxation to be reappraised and valued at intervals of not more than four years.

Present constitution provides that the total amount of ad valorem property taxes collected by any taxing authority in the year in which property is reappraised and revalued shall not be increased or decreased because of a reappraisal or valuation above or below the total amount of ad valorem taxes collected by that taxing authority in the year preceding implementation of the reappraisal and valuation.

Present constitution provides that the governing authority of the issuing political subdivision shall levy and collect or cause to be levied and collected on all taxable property in the political subdivision ad valorem taxes sufficient to pay principal and interest and redemption premiums, if any, on such bonds as they mature.

Proposed constitutional amendment provides that distributions from the Fund shall be considered by taxing authorities to be ad valorem taxes collected and to be collected and shall be taken into account when setting millage rates; and that bond millages levied to service general obligation bonds under the authority of Article VI, Section 33(B) of the constitution or any other constitutional or statutory authority for the issuance of general obligation bonds shall share in the distributions from the Fund.

Proposed constitutional amendment provides that a political subdivision, as defined by Article VI of this constitution, may incur debt by issuing negotiable bonds and may pledge for the payment of all or part of the principal and interest of such bonds the proceeds derived or to be derived from that portion of the funds received by it from the Fund.

Proposed constitutional amendment prohibits monies in the Fund from being used or appropriated for other purposes when adjustments are made to eliminate a state deficit.

Specifies submission of the amendment to the voters at the statewide election to be held on November 18, 2016, only if the Act which originated as SB _____ of the 2016 1st ES is enacted and becomes effective.

Effective January 1, 2017.

(Adds Const. Art. VII, Secs. 10(F)(4)(h), 10.15 and 21(C)(20) and (21))